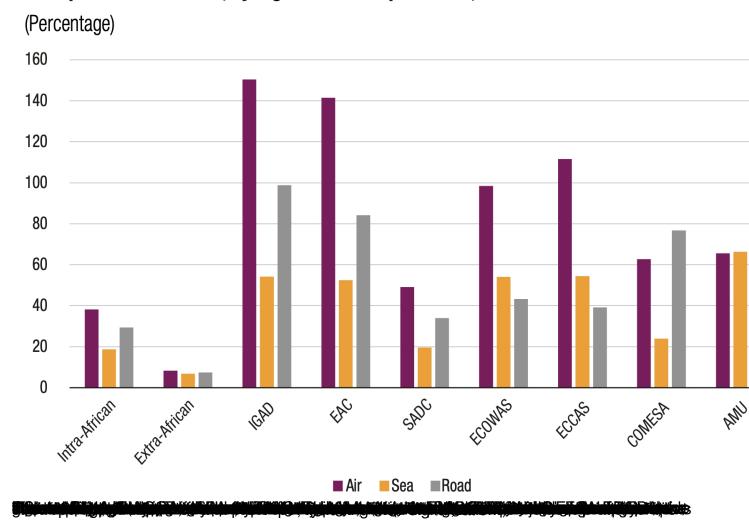
There are no translations available.

The UNCTAD report on "<u>Reaping the potential benefits of the African Continental Free Trade</u> <u>Area for inclusive growth</u> " provides an assessment of how Africa can inclusively benefit from its unexploited trade potential under the African Continental Free Trade Area (AfCFTA).

The report starts with the observation that the share of Africa in world trade has declined steadily over the past 50 years, with the Continent accounting only for 2.8 per cent of world trade in 2019. The situation is even worse for intraregional trade, that in the same year accounted for only 14.4 per cent of total continental trade with, generally, countries with more diversified exports having greater shares in intra-African trade than countries with less diversified exports. African countries have a high level of dependence on imports and most of them rely on primary commodity and natural resource exports, representing about 70 per cent of the total extra-African exports.

The report also reveals that differently from extra-Africa trade (that as indicated, is mainly based on primary commodity exports), intra-Africa trade tends to be more diversified with relatively higher added content, being mainly characterized by the exchange of manufactured and agricultural products. With regards to this trade, the report warns on the existence in Africa of two largest constraints that can pose an obstacle to higher productivity of African manufacturers and competitiveness of African products: 1) access to electricity and 2) high transport costs.

For what concerns transport costs, the report argues that shipping goods from an African country to another can be much expensive than shipping them abroad, due to the poor conditions of the logistics infrastructure and long distance that products must travel, a situation that in most cases is exacerbated by the presence of many Non-Tariff Barriers that make intra-Africa transport operations particularly complicated and costly, especially when goods are exchanged between countries that are members of different Regional Economic Communities (RECs). Road, sea and airplane transport costs are indicated as particularly high in the IGAD and EAC regions (railway transport is not considered in the UNCTAD analysis because little used in Africa due to the poor condition of rail networks).



Transport costs in Africa, by region and transport mode, 2016